

Assignment 1

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Harrods

Introduction:

The revolution of the industries, rapid changing needs of the customers and social changes over the past few years have tremendously improved the operations of the retail organizations. The retail sector contributes a large amount of share in developing economic growth of a country. However, the globalization of ecommerce and online platforms also have transformed the traditional brick and mortar business model into online shopping which increases shopping experiences of the customers. Most of the retail organizations, in recent days tried to replace their traditional business

process into online process in order to achieve strong customer base in the competitive market (De Waal, 2013). Therefore, effective marketing strategies are key part of any organization to achieve long term relationships with them. In order to formulate new strategic goals, the marketers should consider the current internal and external environmental factors. This report mainly emphasizes upon the organizational analysis considering the current mission, structure, goals, values, customers, environmental factors, training and required skills in relation to the retail departmental store Harrods in UK.

Sector analysis considering size, structure, goals, mission and values:

Harrods is one of the famous luxury retail departmental stores based in London, UK which offers a range of fashionable products and services for the customers. Retail sectors of UK contribute a large amount of share to the economic growth of UK. According to the government statistics of 2018 it is observed that UK has gained £395 billion of sales from the retail and departmental stores in UK in 2017. Among the total sales, the 39 percent sales were gained from food retail and 12 percent of sales were gained from clothing retails. It is also evident from the statistics that more than 82 percent of customers have made online purchasing from retail stores. Harrods has achieved strong positions in the UK retail industry with 11.4 percent market share in 2017. The company was established in 1849 in London by Charles Henry Harrod. The departmental store of Harrods has more than 1 million square feet of shopping mall with more than 340 departments including luxury clothing for men and women, beauty products, consumer electronics, stationary and gifts. The company mainly maintains functional structure with different functional units such as human resource, marketing, sales, supply chain management, production and operations management (Jefferys, 2011). Within the functional structure of Harrods, it consists of three levels of management in each department such as upper level, middle level and lower level management and employees that coordinates and

collaborates with each other to achieve strategic goals and objectives of the organization. The prime goal of the company is to maintain long term relationships with the customers with quality and luxury products across the globe. The mission of the company is to increase sales by improving quality of products to meet the strategic objectives of the firm. The vision of the company is to increase its number of departmental stores across the globe to meet the needs and demands of the niche customers. Harrods offers several fashionable and luxury unique products with excellent quality which creates a value for the potential customers. In order to ensure long term relationships with the customers, the departmental store also offer various seasonal discounts and offers to the loyal customers.

expectations:

The customers are the backbone of any organization thus, it is very important to understand the needs and demands of the customers to meet their expectations. The UK retail market is highly competitive with some major market leaders such as Tesco, ASDA, Sainsbury, H&M, Next etc. Therefore, the Harrods should find its potential customers in the UK market in order to sustain their growth. The company mainly offers quality of fashionable products for both men and women. The company should target niche customers who do not compromise product quality with price (Minford, 2016). Therefore, the customers between the age group 25 years and 65 years with high income status and love to use quality luxury product should be targeted by the marketing managers of Harrods to sell their products. On the other hand, the expectations of the customers are to get quality of fashionable luxury products at reasonable price. The customers also expect to meet their needs and requirements by the company.

SWOT analysis:

SWOT refers to the internal environmental analysis considering the strengths, weaknesses, opportunities and threats. The SWOT analysis for Harrods in the UK market are as explained below;

Strengths: In relation to company strengths it can be said that Harrods is one of the reputed brands for offering quality of sophisticated luxury fashion products for the customers. The company also offers customized fashionable products which maintain long term relationships with the customers (Bell, Mengüç and Widing, 2010). The company also has strength of heritage departmental stores with strong brand image. The well-organized structured stores with display and online presence are other significant strengths of the organization in UK market. The strong market share and high brand values are other strengths of the firm.

Weaknesses: In relation to weaknesses, it is observed that high pricing strategy is one of greatest weaknesses of the company. Inconsistency of pricing strategy and availability of different types of products are other weaknesses of the company. Due to lack of enough staffs, the departmental stores face challenges during the peak seasons.

Opportunities: in the context of opportunities, it can be said that the company has opportunities to expand its growth in China, India and Russia. The departmental store also has opportunity to develop their designer collaborations with different merchandise to attract the customers (Thompson and McLarney, 2017). Harrods also has opportunity to department layout to attract the potential customers across the globe.

Threats: In the context of threats for the organization, it is evident that increasing competitions from the luxury brands and volatile costs of the raw materials are the major threats for Harrods in the UK market. The increasing number of substitute customized fashionable products is other significant threat for the organization.

PESTLE analysis:

The PESTLE framework refers to the political, economic, socio-cultural, technology, legal and environmental factors which help in analysing the current external market of the organization. The PESTLE framework for Harrods are as explained below;

Political: The business policies and regulations introduced by the UK government are in favour of Harrods for managing their business operations. However, the decisions about UK leaving EU followed by Brexit vote has significantly changed the regulations and policies of free trade agreements, immigration policies which may affect the growth of the retail firms like Harrods in UK market (Anderson and Wittwer, 2017).

Economic: The retail sector contributes a large amount of GDP growth and employment rate in UK. In 2017, retail sector contributed £92.8 billion of economic output and 2.8 million of employment which creates opportunities for Harrods to achieve growth in the UK market. However, the recent Brexit has created misbalance between the supply and demands of the products within UK. This also has affected the investor decision making process in retail investment which may affect the Harrods in achieving growth in the UK market.

Socio-cultural: The multicultural people in UK may create opportunities for the departmental store to attract the different customers with their product. However, the inconsistent demands due to ever changing needs and purchasing behaviour of the customer also will affect the operations of Harrods in UK market (Swinbank, 2016).

Technology: In relation to technology factors, it is analysed that the increasing demands of ecommerce platform, online shopping and websites will create positive impact on growth of the Harrods in UK market. In addition, rapid growth of technologies like cloud computing, RFID and online transactions also will create growth for the Harrods in UK market.

Legal factors: In relation to legal factors, it can be said that Brexit may supposed to change some of the regulations and policies like basic pay of employees, immigration policies and health and safety regulations which may affect the growth of Harrods in UK market (Feng, Binfield and Davis, 2017).

Environment: The increasing awareness towards the environment and its protection using recycling technique, green technology and eco-

friendly products can create positive impact for Harrods to maintain their business operations in the UK market.

Role of the employees:

The departmental stores of Harrods consist of a range of skilled employees and staffs and their prime objectives are to increase sales growth by satisfying the customers with their products and services.

- Maintaining regular inspection about the availability of stocks in shelves.
- Making aware to the customers about the new offers and discounts.
- Providing proper customer assistance as per the needs and demands of the customers.
- Providing customer services
- Managing operations within the stores
- Checking out the customers before leaving.

Training and development and its importance to the organization:

Training and development are immense important for the employees of the retail store through which the individual employees can give their best effort to achieve objectives of the organization. Within the retail store, the HR team mainly provides on the job training to aware about their responsibilities. This training also encourages the employees to improve their performance for better productivity and sales within the stores (Sosna, Trevinyo-Rodríguez and Velamuri, 2010).

My role in the chosen organization and importance of this role:

My preferred role in the chosen organization is the store manager.

The store manager of a retail store is responsible for managing internal operations like maintaining stocks, opening and closing the store, maintaining accounts and other supervisory activities to involve the staffs in achieving day to day operations of the organization (Bell, Mengüç and Widing, 2010). The store manager is also responsible for maintaining day to day records and information about the stocks and sales unit.

Skills and knowledge needed for this role:

The store manager should have multitasking skills in order to manage the operations within the store. However, the major skills and knowledge required for the store manager within Harrods area is listed below;

- Leadership skills
- Budgeting
- Marketing
- Computer skills
- Consumer focus
- Accounting and finance

Training and development for this role:

Effective training and development for the store manager is very important for managing operational activities of the retail store. The HR team of the Harrods should provide on the job training to the store manager on improving computing skills, accountancy, leadership and retail management to manage day to day operations within the store

For example, after having a new worker, we provide a special training book, training courses, and initial teamwork (Netemeyer, Maxham III and Lichtenstein, 2010).

Conclusion:

From the entire report it is evident that organizational analysis is very important to successfully develop the strategies for the organization. This report has critically analysed the organizational analysis using SWOT, PESTLE and sector analysis in relation to Harrods in UK market.

References:

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CPD Plan

Name: Viktoriya Tancheva		Covering the period from:15.04.2019 To: 02.05.2019
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What do I want/ need to learn?	What will I do to achieve this?	What resources or support will I need?	What will my success criteria be?	Target for review and completion
I want to be strict but fair to the workers. Help them when they need it. To resist my position on the manager .	I will be interested and visit courses for manager who do well with the workers.	Support for example financial and time from my boss.	Keeping daily records and stock and sales information to adequately determine the prices given by the supplier as well.	End of May